

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 PA-01
COME-00 FRB-03 OPIC-03 XMB-02 AGRE-00 /089 W
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R 200638Z AUG 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9320
TREASURY DEPT WASHDC
INFO AMEMBASSY TOKYO
USLO PEKING

C O N F I D E N T I A L LONDON 13435

E.O. 11652: GDS
TAGS. EFIN, UK
SUBJECT; DEPOSIT ARRANGEMENT WITH BANK OF CHINA

1. THE PRESS HAS REPORTED THAT UK BANKS ARE NEGOTIATING A DEPOSIT ARRANGEMENT WITH THE BANK OF CHINA TO FINANCE INDUSTRIAL IMPORTS FROM THE UK. IT IS REPORTED THAT LLOYDS BANK INTERNATIONAL, IN PARTNERSHIP WITH S.G. WARBERG AND STANDARD AND CHARTERED, WILL DEPOSIT \$100 MILLION AND SEVERAL OTHER BRITISH BANKS ARE MAKING SIMILAR ARRANGEMENTS. THESE SPECIAL ARRANGEMENTS ARE BEING MADE BECAUSE THE PRC WILL NOT SIGN A NORMAL BUYER CREDIT AGREEMENT, ALLEGEDLY HAVING NO LAW TO COVER SUCH AGREEMENTS. IT IS ALSO REPORTED THAT PRC CONTENDS THAT UK RATES OF INTEREST ARE HIGHER THAN THOSE CHARGED BY JAPAN, WHICH WOULD PUT THE JAPANESE RATES BELOW THE TERMS SPECIFIED IN THE CONSENSUS ON EXPORT CREDITS.

2. HMGOVERNMENT OFFICIALS CONCERNED WITH EXPORT CREDITS HAVE INDICATED THAT THE UK CREDIT ARRANGEMENT WAS AND WOULD REMAIN CLEAN IN TERMS OF THE CONSENSUS GUIDELINES. THE QUESTION CURRENTLY BEING DISCUSSED IS THE PROPER PRO-
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TEST TO MAKE TO THE JAPANESE. NO DECISION HAS BEEN REACHED, BUT CURRENT THINKING INDICATES THAT INDIVIDUAL HIGH LEVEL APPROACHES BY MEMBERS OF THE CONSENSUS MIGHT BE MOST FRUITFUL. THERE IS SOME CONCERN THAT APPROACHES AT A MEDIUM LEVEL MIGHT NOT AFFECT JAPANESE DECISIONS.

BREWSTER

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NNN

Message Attributes

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Concepts: BANK DEPOSITS, FINANCIAL AGREEMENTS
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Copy: SINGLE
Draft Date: 20 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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